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290 millions in 1854, to 416 millions and finally in 1857 to 448 millions. From 1853-1857 France gained 1745 millions of gold.

The movement of silver was of course exactly the reverse. Up to 1852 it came in considerable quantities. In that year, however, the reaction set in. The excess of exportation for the year was 2.50 millions. In 1853 it was 116; in 1854, 164; in 1855, 197; in 1856, 284; in 1857, 362 millions. During the last five years, France lost 1126 millions of silver, an annual average of 225 millions.

Thus the law of 1803 did not secure a "concurrent circulation". It furnished a circulation composed of the metal cheapest with reference to the ratio of  $15\frac{1}{2}:1$ . From 1803-1848 this metal happened to be silver; from 1848-1858 it happened to be gold. The transition from a silver to a gold medium of exchange was gladly welcomed by the French people who found the latter metal better suited than silver to the needs of their expanding commerce. "Despite the very profound change which had come about in the metallic circulation in consequence of the inflow of gold and the departure of silver, the public in general and commerce in especial did not manifest either anxiety for the present or apprehension for the future. They did not appear to suffer for they did not demand any remedy."<sup>1</sup>

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### A SCARCITY OF GOLD?

In a recent number of the journal of the Austrian economists appears an article from the Dutch of N. G. Pierson entitled "A Scarcity of Gold?"<sup>2</sup> Though a professed believer in the theory of international bimetallism the author answers the question which he discusses decidedly in the negative. The arguments advanced by him to show that the so-called appreciation of gold has not been produced by causes

<sup>1</sup> *Documents Relatifs à la Question Monétaire; Enquête de 1858* (Ministère des Finances) p. 8. A striking commentary on the attitude of the French people is found in the two large volumes containing the depositions of the principal financiers of France entitled *Enquête sur la Question Monétaire*. One passage in the report reads: "Will the opposite evolution be as simple, and will the public lend itself voluntarily to the restoration of silver and the exodus of gold? Assuredly not, and a change, the reverse of that which has occurred during the last twenty years would be sure to excite the most lively repugnance." Vol. i. p. 563.

<sup>2</sup> "Goldmangel?"—*Zeitschrift für Volkswirtschaft, Socialpolitik und Verwaltung*. IV. Band, 1. Heft.

connected with the supply of the metal are in general those already familiar to students of the subject. However, in the earlier portion of the article the author considers the preliminary question as to what the extent of the appreciation of gold has in fact been, and in doing so presents an interesting discussion upon the relative merits of the different price tables most commonly used for this purpose. Two questions concerning tables generally are disposed of before entering upon the comparison. In the first place it is held that in the discussion of the value of gold no account need be taken of the "relative importance" of the articles embraced by the price tables; and it is shown by an examination of Falkner's American prices, and of Palgrave's revision of the *Economist's* figures, that when such allowance is made no material changes in the results are produced. In the second place the author maintains that the level of prices during the abnormally disturbed period of 1873-1875 is utterly unsuitable for use as a standard with which to compare prices since that time.

Coming to the more specific discussion of the various tables, the writer dismisses at once the figures of the London *Economist* with the remark that, because they cover only nineteen separate articles, they can tell us "absolutely nothing about the changes in the general purchasing power of gold." Falkner's tables are considered unsuitable because limited to American prices. The compilation of Dr. Franz Kral, covering 265 articles from 1847 to 1884, is the most complete one ever made. Its representations are compared by periods with those of Augustus Sauerbeck and Adolph Soetbeer, the first two sets of figures being converted to the standard used by Dr. Soetbeer,—the average for the period 1847-1850 :

	Sauerbeck 45 articles.	Soetbeer 114 articles.	Kral 265 articles.
1847-1850	100	100	100
1851-1860	116	116	114
1861-1870	124	123	110
1871-1875	128	133	122
1876-1880	110	123	112
1881-1883	103	122	109
1884	94	114	101
1885-1891	87	105	—

Down to 1860 all three tables show substantially the same rise in the price of commodities, for 1871-1875 a sharp rise, and for 1876-1880 a very considerable fall. Sauerbeck's and Soetbeer's figures agree closely

as to the rate of decline since 1881-1883. But, more important than these correspondences, the figures of Soetbeer and Kral both show that, omitting the period from 1871 to 1875, the value of gold did not materially change between 1861 and 1883. Since 1883, however, the decline of prices has amounted to about 15 per cent. But, strangely enough, Sauerbeck's figures show that the decline has been going on steadily since 1861-1870, omitting, as before, the disturbed period of 1871-1875. And, again, this decline from the average of 1861-1870 down to 1891 has amounted to 42 per cent. Assuming that if Kral's tables had been continued to 1891 they would show at least as rapid a decline as those of Sauerbeck and Soetbeer, the divergence between Sauerbeck and the two German statisticians would still amount to a difference between a fall of 42 per cent. and one of, say, 19.5 per cent. He also represents the real decline as beginning in the years 1876-1880 instead of, as according to Soetbeer and Kral, in 1884. These two striking disagreements upon such most essential matters of fact call for a thorough explanation, and this the author proceeds to offer.

To this end the lists of articles used by Soetbeer and by Sauerbeck are compared with one another. It is observed first that the lists contain thirty-five articles in common, and the question therefore arises as to whether the disagreements just described are to be traced to differences with respect to these articles. To determine this, Sauerbeck's figures for these articles during 1861-1870 and 1881-1883 are substituted in Soetbeer's tables, which then exhibit the following result :

1861-1870	-	-	-	-	-	125 (formerly 123).
1881-1883	-	-	-	-	-	120 (formerly 122).

The change thus made is trifling. The differences between the two tables which are to explain the important disagreements in their final results must therefore lie elsewhere than among the thirty-five articles which are contained in both. Examination of the two lists of articles shows, in the second place, that Soetbeer takes account of seventy-nine articles more than does Sauerbeck. This number embraces various kinds of grain, seeds, vegetables, milk, cheese, veal, lard, calf-skins and other articles of equal importance. The prices of these articles, accordingly, when calculated apart from the rest and reduced to the percentage scale show instead of a fall a positive rise in price. For 1861-1870 their average price was 126.1 and for 1881-1883, 126.6. Thus the seventy-nine articles which Sauerbeck omits from his list rose in price down to 1884, and in this fact may be seen the reason why the tables of Sauerbeck show a fall of prices since 1861-1870 of 42 per

cent. as against one of only 19.5 per cent. in the other two tables, for the same period. If Sauerbeck had taken account of these seventy-nine articles which *rose* in price, his tables would not show any material *fall* in prices earlier than 1884, nor a greater fall between 1861 and 1891 than do the other authorities. In a word, the author believes that Sauerbeck's results would not differ from those of Soetbeer and Kral if his list of articles for the whole period had been as extensive as theirs.

The reason for the disagreement of the English tables being thus explained by their incompleteness, the tables of the German investigators may be taken as authoritative. When Soetbeer's tables, however, show that, upon the whole, his 114 articles did not fall in value before 1884 it is not to be supposed that none of them did so. In fact many of them did. His whole list of articles may be divided into eight groups, of which the first four, namely, agricultural products, products of the cattle and fishing industries, tropical fruits and groceries, show a considerable rise in price down to 1884. The sixth and eighth groups, composed of the textiles, fell however very decidedly, the one from 130 in 1861-1870 to 96 and the other from 129 to 104. This fall, however, is not to be attributed to a scarcity of gold for monetary purposes but to the great development of the textile industries in the United States after the Civil War. Groups five and seven, consisting of mining and ore products and sundry articles, also fell before 1884. But, as has been already seen, there was no general fall of any consequence whatever, previous to 1884.

It would appear, therefore, that Soetbeer's and Kral's conclusions afford each other strong mutual support, and that Sauerbeck's figures show a fall of 42 per cent. in the value of goods dating from 1876-1880 because of the incompleteness of his data. The author protests, and with apparent reason, that it is incumbent upon the English bimetallists to justify their almost universal reliance upon Sauerbeck's tables, and their neglect of more comprehensive and therefore more authoritative statistics. The discussion of the main question by the article is thorough and complete. It would perhaps have been strengthened by a reference to the indirect evidence upon the question of scarcity of gold for monetary purposes which is afforded by the increasing use of gold in the arts during recent years. It is hard to reconcile this phenomenon with the contention that the world is really in need of an increased supply of gold coin for the mediation of exchanges.

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